

# I

## SOCIAL AND POLITICAL PROBLEMS

# DECOLONIZATION AND INCOME DISTRIBUTION IN TROPICAL AFRICA

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## I. INTRODUCTION

The worldwide decolonization drive after World War II marked the end of the colonial system that had been forged largely in the late nineteenth-century scramble among the major European powers over the division of the African territory. Starting with the Gold Coast (Ghana) in 1957, new sovereign states emerged from artificial colonial jurisdictions in one area after another. There are now thirty-six black African countries, all but two (Liberia and Ethiopia) of which have become independent since 1957. The advent of independence in Africa naturally raised anticipations of great economic and social change. There were hopes and expectations that once the shackles of colonialism were removed, the new countries could mobilize productive energies that would lift the masses out of illiteracy and poverty. But informed observers had no illusions about the enormous development problems that lay ahead, some of which were legacies of the colonial economic system.

Although there was considerable variation in colonial practice, it had been marked everywhere by political, economic, racial, and social inequalities. Europeans from the metropolitan countries were naturally in the dominant positions; they occupied all of the well-paying jobs in government and private enterprises. Only in East Africa, mainly in Kenya, did Europeans play a major role as farmers and ranchers, and there they occupied the choice coffee-growing highlands. (We are not concerned in this essay with white-ruled South African countries.) In francophone West Africa, it was not uncommon to find French men and women, the so-called "petits blancs," in lesser economic positions in trade and the services. The middle economic and social layer, however, was generally occupied by non-European immigrants. In West Africa the Levantines (Lebanese, Syrians, Cypriots) and in East Africa the Asians (Indians and Pakistanis) controlled much of the trade, transport, and small industries. The overwhelming majority of the Africans were on the lowest rungs of the economic ladder.

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The Europeans used their dominant positions to keep the other groups in subordinate positions, notwithstanding the fact that European-run schools helped to educate a thin African elite. In many colonies Africans were legally prevented from occupying certain positions or engaging in economic pursuits that might compete with European interests. They were mainly relegated to peasant farming and unskilled labor. In spite of that, they often had to pay a disproportionate share of the tax burden, either in cash or through forced labor, and received far less than a proportionate share of government services.

Until the later years of the colonial era, colonial administrations did not seriously aim at the general development of their territories. Their concern with development was chiefly motivated by the desire to make the colonies generate enough income to meet administrative expenses. The economic and social infrastructure which the government financed was oriented toward support of a law-and-order type of administration and toward export-related agriculture and mining. The construction of internal means of transport, such as railroads, was mainly for the purpose of evacuating crops and minerals, whose production and/or marketing was under the control of business interests from the metropolitan countries. The newly independent countries have sought to reverse this pattern of external control and dependence with their ambitious development plans. In theory, at least, they have aimed at both economic development and equality. The Second National Development Plan (1970-1974) of Nigeria, for instance, includes in its objectives the creation of "a just and equalitarian society" and "a land of bright and full opportunities for all citizens."<sup>1</sup>

We are now in the middle of the second decade of independence for most African countries, and this may be an appropriate time to ask how much development has taken place and more specifically who has benefited from it. The main concern of this essay is with the second half of the question.

The issue of the distribution of the gains from development and modernization has received increasing attention in recent years from students of development. Most of the developing world has become painfully aware that after a quarter of a century of international developmental activity, the gap between rich and poor, both internationally and within countries, seems to be widening rather than narrowing. The African countries seem to follow the general pattern. A fundamental question which arises is whether the direction of change in the institutional framework inherited from colonial times tends to perpetuate or to eliminate gross economic inequality. No doubt a great deal of change has occurred, and many Africans have risen to positions of power and affluence. The question is, how much has the average African shared in the fruits of development? Unfortunately, there are only scattered data available on income distribution in Africa. Much of the argument, therefore, has to be inferred from participation or

TABLE 1  
DEVELOPMENT LEVEL INDICATORS FOR  
SUB-SAHARAN AFRICAN COUNTRIES

	1970 per capita GDP at 1960 market prices (US dollars)	Percentage share of mfg. and crafts in 1970 GDP	Percentage of Enrollment among school-age children in primary and secondary schools	Percentage of illiterates (aged 15 and over)
WEST AFRICA				
Dahomey	88	7	20	95.4
Gambia	120	2	19	90.0
Ghana	172	17	52	75.0
Ivory Coast	221	13	40	80.0
Liberia	210	6	45	91.1
Mali	50	12	15	97.8
Mauritania	129	2	4	95.0
Niger	71	6	8	95.0
Nigeria	75	9	19	88.5
Senegal	171	16	23	90.0
Sierra Leone	165	6	19	90.0
Togo	147	12	37	95.0
Upper Volta	40	10	7	95.0
CENTRAL AFRICA				
Burundi	44	5	18	90.0
Cameroon	136	16	52	85.0
Congo P.R.	174	13	73	80.0
Chad	51	8	8	94.4
Gabon	460	7	78	88.0
Rwanda	47	4	40	90.0
Zaire	100	19	54	83.5
EAST AFRICA				
Botswana	95	11	60	67.1
Ethiopia	62	11	8	95.0
Kenya	125	15	30	80.0
Lesotho	64	1	66	41.4
Madagascar	109	11	44	66.5
Malawi	57	14	23	77.9
Mauritius	224	18	66	38.4
Somalia	56	9	4	95.0
Swaziland	170	17	53	70.0
Tanzania	82	9	23	85.0
Uganda	98	6	33	74.9
Zambia	264	11	47	52.6

Source: *Survey of Economic Conditions in Africa, 1972*, Part I (New York: United Nations, 1973), Table 1, p. 9.

lack of participation in economic activities and from the likely impact of governmental policies.

The countries with which we are concerned had an estimated population of around two hundred and forty million people in 1970. Many of them are listed among the very poorest countries in the world today. Although most of them have experienced respectable economic growth rates since achieving independence, they have also had some of the world's highest rates of population growth. Table 1 indicates the general level of development reached in various sub-Saharan countries by 1970. In almost half of them the gross domestic product (GDP) per capita measured in 1960 U.S. dollars was \$100 or less. In some of the really poor landlocked countries like Mali, Upper Volta, Chad, Rwanda, and Burundi, the per capita GDP was only on the order of \$50. In only five of the countries did per capita GDP exceed \$200, and in none did it reach as high as \$500. It may also be noted that in about half the countries the share of manufacturing and crafts in GDP did not exceed 10%, and in none did it reach 20%. In about half of the countries 90% or more of the population aged fifteen and over is illiterate. Only two countries have achieved a literacy rate of better than 50% in this age group. In less than a third of the countries are even one-half of the school-age children attending school. These are indications that levels of development and income in sub-Saharan Africa are still extremely low and that even if there were no income inequalities the standard of living would be depressingly low. It is with an awareness of this situation that many African leaders have declared that the chief problem they face is development, not income distribution. They seem to think, rightly or wrongly, that tackling both development and economic equality at the same time might risk achieving neither.

## II. THE AGRICULTURAL SECTOR

An important clue to the income distribution in present-day Africa may be obtained from the prevailing occupational structure. The majority of the African labor force continues to be employed in low productivity subsistence agriculture. Data for 1970 indicate that in the independent black African countries about three-fourths of the labor force was engaged in agriculture.<sup>2</sup> This high percentage of the work force, however, produced only one-third of the gross domestic product in these countries. In other words, the output per member of the work force in agriculture was only one-sixth of the output per member of the work force in the rest of the economy. These figures cannot be assumed to be very precise, since most countries have only rough approximations of the output of subsistence agriculture. Nevertheless, there can be no doubt that the differential in productivity gives a rough order of magnitude of the differential in incomes.

Per capita income in agriculture in all likelihood is on the order of one-sixth of per capita income in the rest of the economy.

There are obvious difficulties in generalizing about an area as vast as tropical Africa, but some of the important factors which affect the income distribution within the agricultural sector should be noted. First, there is the question of the extent to which an enterprise or household is engaged in commercial or in subsistence agriculture or pasturage. A second factor, which is related to the first, is the size and productivity of the land at its disposal. A third factor is government policy, including trade and industrialization policy, taxation, research aid, extension programs, transportation, and fertilizer subsidies. Government policies also have important implications for the distribution of income between the agricultural and non-agricultural sectors.

The distinction between commercial and subsistence agriculture in Africa can be made roughly on the basis of production for export and production for local consumption. Most of the agricultural work force is engaged in the production of food for local consumption, which does not enter into market channels. In the Ivory Coast, for instance, a country which has concentrated on the development of a diversified commercial agriculture, only 10% of the production of grains, roots, and tubers, the staple food crops, was marketed in 1965.<sup>3</sup> There are, of course, locally marketed crops (including food and industrial crops such as cotton and tobacco), but their total value generally remains small by comparison with that of the big export crops such as cacao, coffee, tea, peanuts, palm products, rubber, bananas, and pineapples. Although there are a few countries, especially in East Africa, where export-oriented plantations are important, most of the export crops are produced by African farmers and peasants on relatively small holdings. Many of these small holders produce only small quantities for export and spend most of their resources on the production of food for their own subsistence. As a general rule, we may assume that the more important the production of commercial crops, the higher the income. Not infrequently, however, peasants in subsistence agriculture may hire out as wage laborers to commercial farmers or to non-agricultural employers.

It is probably fair to generalize that in those countries where export agriculture has expanded rapidly, income distribution in the agricultural sector has become more unequal. This result follows more or less inevitably from the uneven commercialization of agriculture. Those areas which are best suited for commercial crops and which have best access to urban or export markets tend to get an increasingly large share of the total agricultural income. In West Africa this phenomenon tends to favor the coastal and forest zones over the more arid northern zones. In the Ivory Coast, for instance, the monetary income of a peasant in the *département du Sud* is

three times as high as that of a peasant in the *departement du Nord*.<sup>4</sup> In the Cameroon, per capita monetary income in the cocoa growing zone in the south is four times as high as in North Cameroon. One might assume that some of this differential is offset by non-monetary income, but this is not the case. In the Cameroon, non-monetary income is twice as high in the south as in the north.<sup>5</sup> Similar patterns exist within other coastal West African countries and between the coastal and the Sahelian countries. In general, the farther inland one goes, the lower the importance of commercial agriculture, and the lower the per capita income. Even in northern Nigeria, which is one of Africa's major commercial peanut growing areas, per capita income tends to be much lower than in the south.

The distribution of land ownership is not a major factor in income distribution in most African countries because of the widespread survival of communal ownership, with holdings allocated and periodically reallocated among families. Ethiopia, with its feudal land tenure system, and Kenya, with its white settlers, were important departures from the traditional pattern. Recent revolutionary reforms have abolished feudalism in Ethiopia and nationalized land ownership. Kenya has undergone a massive program of land registration and transfer of land ownership from European settlers to Africans. While this program has eliminated some of the colonial legacies of inequality of land ownership, it has but increased inequality among Africans. Kenyan agriculture now includes wealthy African plantation owners whose income is in the thousands of dollars, some medium-sized agricultural enterprises, and a broad mass of small holders and landless peasants whose income is \$100 a year or less.<sup>6</sup> The top layer is described by Colin Leys as men who "were linked professionally, socially and economically to the foreign capitalist enclave, borrowing from foreign banks, having accounts with foreign equipment suppliers, holding directorships in foreign companies. Their farms were mostly run by salaried managers, in some cases Europeans." At the other end of the scale he finds "the peasant" masses, mostly now with freehold land titles, though with little access to capital, extension services or other inputs, and . . . a growing minority of landless laborers and squatters.<sup>7</sup> The Kenya experience illustrates a distribution pattern which often follows decolonization measures: the overall structure of income distribution is not changed much, but *nouveaux riches* Africans replace non-Africans in many of the privileged positions.

In most sub-Saharan countries government policies have resulted in distribution effects which favor the non-agricultural over the agricultural sector. It was noted earlier that during colonial times the African peasant often bore more than his share of the tax burden and received less than his share of government services. Decolonization has not relieved the agricultural sector from this unequal burden, even though in absolute terms some farmers and peasants may be better off. An important part of the tax

burden is passed on to the farmers through government agricultural pricing policies and duties. The export of agricultural produce is usually handled by official marketing boards. They buy the crops from the peasants through licensed buying agents and sell them on the international market. Although these boards were originally established for the purpose of stabilizing agricultural prices and incomes, they eventually became instruments for taxing the peasants through low producer prices. The surplus exacted from the peasants was partly transferred to the government and partly absorbed by commercial middlemen. In countries like Nigeria and Ghana, the marketing boards helped to build up substantial foreign exchange and capital surpluses during the 1950s.<sup>8</sup>

A pattern was thus established during the closing years of the colonial era of extracting a surplus from the peasants. With the coming of independence the new African governments understandably looked to this source of revenue for financing their rapidly rising administrative and developmental expenditures. The result was an irresistible tendency to put a maximum tax burden on the peasants, since there have been few alternative comparable tax bases. In recent times Ghanaian cacao farmers have received less than one-third of the price for which their cacao sold on the world market.<sup>9</sup> Only in a country like Nigeria, where petroleum has become a major alternative source of taxable surplus, has the government been able and willing to relieve the peasants. The federal government in Nigeria has taken over the marketing boards from the states, raised the official producer prices, and eliminated export duties. It is not yet clear, however, to what extent the implicit gains were passed on to the producers and to what extent they were absorbed by the buying agents acting as middlemen. It is axiomatic that to the extent that more favorable prices are passed on to the producers, they will benefit mainly the export farmers, resulting in increased income inequality within the agricultural sector. On the other hand, subsistence peasants need suffer no decline in absolute income as a result of the change in price policy.

Another aspect of government policy that has worked against the agricultural sector in most African countries is the general pattern of heavily protected import substitution industrialization.<sup>10</sup> The tendency of this policy is to raise the price of manufactured goods in relation to agricultural produce to the detriment of those working the land. Similarly, the bulk of governmental overhead expenditure has been for the benefit of the non-agricultural sector. Almost everywhere expenditures on rural amenities, such as schools, hospitals, pipe-borne water, sanitation, roads, and electrification lag far behind similar expenditures for urban areas.

While this imbalance in government services has so far favored the non-agricultural sector, an increase in government spending on such items as



rural roads, fertilizer, and agricultural research may well increase income inequality within the agricultural sector. The introduction of high yield varieties, which brings down the cost and eventually the price of agricultural produce, may help mainly the more enterprising commercial farmers who know how to take advantage of them; the largely subsistence peasant who markets only small quantities may be hurt by the lower price. He probably lacks the resources and the skills to grow the new varieties, which may require irrigation, fertilizers, and pesticides.

During the colonial era, most of the agricultural research and extension work was directed toward export crops. The benefits from this policy were reaped primarily by the overseas customers and international trading firms. Within Africa, the benefits, as noted earlier, went first to the marketing boards and middlemen and last to the export farmers. In recent years the research emphasis has shifted to the locally consumed food crops. The leadership of this effort is in the hands of organizations like the International Institute of Tropical Agriculture in Ibadan (Nigeria) and its affiliated governmental research stations in various countries. Although it is doubtful whether tropical staple food crops will see a "green revolution" of the kind associated with rice, wheat, and maize, there is reasonable hope for substantial yield improvements and protein enrichments. Such advances are essential to raise the African standards of nutrition and living, but in the short run they often entail increased income inequalities.

In addition to the factors enumerated above, there are historical circumstances which have contributed to regional income inequalities. This is notably the case in West Africa with regard to the differentials between the coastal and the inland areas. In most West African countries the southern zone came much more extensively under the influence of Christian missionaries, and was therefore exposed to Western education. The northern areas were converted to Islam at an early date and resisted the inroads of Christianity and western schooling. Often colonial administrations "protected" Islamic areas from Christian missionary inroads. Even where Koranic schools were established in the north, they did not go much beyond the teaching of Arabic and the Koran. Northerners were, therefore, less prepared than southerners to take advantage of economic opportunities arising from modernization. This legacy from colonial times has affected not only regional income distribution but also the distribution among ethnic groups. The uneven preparation of diverse ethnic groups to share in the income opportunities created by development underlies much of the tribal tension that is encountered in many African countries. Opportunities for advancement and unequal preparation have thus created sources of conflict between ethnic groups that previously had little contact or had harmonious relations.

## III. THE NON-AGRICULTURAL SECTOR

So far I have discussed mainly those factors which tend to affect the distribution of income within the agricultural sector, which includes most of the so-called traditional sector of the African economies. I turn now to an examination of the non-agricultural sector, which covers most of the modern sector. I have noted earlier the basic fact that per capita income is much higher in the modern than in the traditional sector. As in the case of agriculture, however, there are strong tendencies working toward income inequality within the non-agricultural sector. The main factors which affect income distribution in this sector are industrialization, the growth of the modern service industries, governmental employment, urbanization, and Africanization.

The income distribution consequences of industrialization work mainly in favor of the enterprise owners, the resident foreign managers, and the foreign suppliers of equipment and parts. A secondary group of gainers is the relatively small number of indigenous people who gain employment in the new industries, especially at the managerial level. Because they are in a protected monopolistic position, these industries are able to pay relatively high wages. They are inclined to respond affirmatively to government or trade union pressures for higher wages and simply to pass on the higher costs to the consumers. Not only does such behavior redistribute income in favor of a minority employed in the monopolistic industries, but it locks the industries into a high-cost-high-price structure which greatly limits expansion and favors stagnation. Most governments are aware of these problems, but the situation is not one which can be easily altered.

The mining industries are another branch of the modern sector which expanded rapidly after World War II and particularly after independence. Independent sub-Saharan Africa produces substantial quantities of petroleum (Nigeria, Gabon), copper (Zaire, Zambia, Uganda), iron ore (Liberia, Mauritania, Sierra Leone, Swaziland, Guinea), bauxite (Guinea, Sierra Leone, Ghana), tin concentrates (Nigeria, Zaire, Rwanda), diamonds (Zaire, Ghana, Sierra Leone), gold (Ghana, Zaire, Ethiopia), and phosphate rock (Togo, Senegal). There are some small-scale locally operated mines, but most of the mining enterprises involve highly sophisticated technology and large capital investments and are normally undertakings of large multinational firms. Because the operating methods are not highly labor-intensive, they do not generate much employment. The distribution is thus weighted against returns to local labor, but in the case of the mineral industries the returns to the foreign firms are limited by the host countries' claims of rents, royalties, and profit taxes. How much the countries can claim depends, of course, on the profitability of the industry.

The outstanding case is the petroleum industry, from which government revenue in Nigeria increased from less than one billion dollars in 1971 to

over seven billion in 1974. The distribution effects of this huge increase in revenue will depend heavily on the pattern of government spending and allocation to the states. The immediate effects in Nigeria seem to be working mainly in favor of the modern sector, particularly government employees, who have received substantial salary increases, averaging around 130% at the bottom of the scale and ranging from 70% to 100% at the top.<sup>11</sup> These awards, which were announced at the end of 1974 but made retroactive to April 1, 1974,<sup>12</sup> have unleashed tremendous pressures on the private sector to match the governmental pay increases. The result has been a serious acceleration of inflation, particularly of food prices, no doubt because rising costs of transport and handling reinforced an underlying trend of food production shortfalls in recent years. In all likelihood much of the recent increase in food prices will be absorbed by middlemen who control the means of transport and storage, with only a fraction passed on to the producers. Thus, while the immediate effects of the increased government revenue probably strongly favor those groups who are already the most privileged, this need not be the case in the long run. The new five-year plan (1975-1980) anticipates major expenditures for agriculture, rural development, and primary education, which should spread some of the benefits from the oil revenues to hitherto less favored groups. The allocation of federal revenue to the states has been made more equitable over the last year by greater attention to size of population and to need.

The most rapidly expanding sector of the African economies since independence has been the service sector, and in particular government employment. It is also this sector which until now has offered the best salaries, especially for the educated young Africans streaming in increasing numbers from universities. Data for several francophone countries, given in table 2, show that average monthly pay in the tertiary or service sector is between two and four times the level in the primary, mainly agricultural sector. Differentials between the secondary or industrial sector and services are less but still very substantial. Particularly noteworthy is the differential between private and public employment in the tertiary sector. High-level government employment has been the most important avenue for upward economic and social mobility in post-colonial Africa. Because of the drive to Africanize all the senior positions previously held by colonial administrators, there were unusual opportunities for rapid advancement in the early years of independence. The remuneration and benefit pattern that had been set by the colonial powers for their administrators was usually copied by the new countries, accounting in part for the high salary levels in relation to the rest of the economy.

Among the groups that were in the best position to profit from the economic opportunities presented by independence were naturally those who were educated. A stratified sample survey of incomes of 1635 heads of

TABLE 2  
AVERAGE MONTHLY PAY  
(in CFA francs)

	Ivory Coast 1971		Cameroon 1971		Madagascar 1965	
<i>Sector</i>	<i>private</i>	<i>public</i>	<i>private</i>	<i>public</i>	<i>private</i>	<i>public</i>
Primary	14,140	12,010	9,583	n. a.	4,413	4,816
Secondary	28,909	27,270	25,333	n. a.	8,347	6,263
Tertiary	39,430	50,235	26,583	n. a.	9,890	11,660

Source: Jacques Lecaillon and Dimitrios Germidis, "Les disparités de salaires au Sénégal, Cameroon, Madagascar, et Côte d'Ivoire," in *ILO World Employment Research Working Paper*, tables IV-A, IV-D, IV-G, IV-K, mimeograph, 1974.

TABLE 3  
AVERAGE INCOME OF HEADS OF HOUSEHOLDS  
(in Relation to Level of Education in Nigeria in 1967)

Education	Annual Income (Nigerian pounds)
Illiterate	130
Primary	220
Secondary	351
University	1543

Source: O. Aboyade, *Incomes Profile*, (Ibadan: University of Ibadan, 1973), p. 19.

households in Nigeria in 1967, presented in table 3, reveals a particularly high return to university education (although the number of people in the sample with university degrees was rather small). The avenues for employment opened up by education are reflected also in the fact that 98% of the illiterates and 90% of those with only primary education were self-employed, whereas only 35% of those with secondary education and none of the seven people with university education were self-employed.

The Kenyan experience, although not necessarily representative, may nonetheless be taken as indicative for Africa as far as growth of employment opportunities in the public sector is concerned. Between 1964 and 1970 the number of Africans employed in the public sector grew by 66,000, while over the same period the corresponding increase in wage employment in modern private industry and commerce was only 21,000.<sup>13</sup> As is well known, it has been mainly the opportunities for wage employment which have attracted large numbers of laborers from the country to the city. The influx from the rural to the urban areas, however, has been much greater than the opportunities for employment. In Kenya, for instance, urban population

has been growing at the rate of 10% per annum while recorded employment was growing at a rate of only 1.5%. Even though there were unrecorded employment opportunities in the so-called "informal sector," the problem of urban unemployment in Kenya is one of "appalling intensity and extent."<sup>14</sup> Estimates for Nairobi are that almost one-fourth of all adult males and over one-half of all adult females either are unemployed or lack the opportunity of earning a reasonable minimum income.<sup>15</sup>

Unemployment and very low earnings, often despite very long working hours, are major factors contributing to economic inequality in urban Africa. At the other end of the scale, a class of *nouveaux riches* is emerging in the rapidly growing African cities. Among them are the senior civil servants, senior military officers, executives and owners of large business establishments, and professional groups, especially lawyers. This class has access to finance and information, and to governmental permits and licenses. One source of rapid gains for them has been the skyrocketing real estate values in major cities like Lagos, Abidjan, and Nairobi. According to a recent estimate, land in central Lagos (Lagos Island) sells for around \$600 a square yard, and office space rents for around \$16 a square foot per annum. Modest accommodations on the Lagos mainland (Surulere) rent for around \$5000 a year, but modern new houses on residential Victoria Island rent for around \$30,000 a year, with rent paid five years in advance.<sup>16</sup> Clearly, only well-to-do Nigerians can share in this development bonanza. The masses are left behind. In Lagos, as in other major African cities, there are daily reminders of deep-seated inequalities in the contrasts between spacious modern dwellings and overcrowded native quarters, between air-conditioned supermarkets and unsanitary local markets, between those who ride in chauffeur-driven Mercedes-Benzes and those who sweat in "mammy-waggons."

There are indications that Africanization of assets and jobs may well tend to increase these inequalities. We have already noted that in Kenya Africanization of land ownership increased the wealth and income gap between rich and poor Africans. In other countries, policies with regard to Africanization of industry seem to have had similar effects. This is the judgment of a leading Nigerian scholar with regard to his country: "Rather than engender a redistribution of income, the indigenization policy will tend to concentrate a large amount of Nigeria's resources in the hands of a few highly placed, status-conscious and conspicuous-consumption-oriented class [sic] of Nigerians."<sup>17</sup> The note of disappointment in Professor Okediji's statement is widely shared among African intellectuals.

The most important feature of Nigeria's indigenization policy is contained in the 1972 Indigenization Decree, which required that by March 31, 1974, a group of twenty-two specified industries (mainly small-scale industry, transport, retail trade, and services) had to be completely owned by Nigerians,

and in another group of thirty-three industries, Nigerian ownership had to be at least 40% of each company. Although some exceptions were granted and a number of companies simply folded, the law has largely been carried out. Lucrative opportunities were thus created for Nigerians to invest up to several hundred millions of dollars. As yet, no official report of the transfer has been made public, so that there is no direct evidence on the extent to which Nigerian ownership may have become concentrated. Disappointment has been created among unsatisfied would-be buyers, and suspicions have been aroused mostly by the secret nature of the transactions. The secrecy lends support to the suggestion "that companies were discouraged from going public so that some 'big shots' might buy them through private treaties."<sup>18</sup> The fact is that only twenty-four of some eight hundred affected enterprises offered shares to the public through the Lagos stock exchange.<sup>19</sup> Most enterprises were sold through private arrangements, no doubt mainly to people with access to large bank credits. One factor discouraging public sales was the very low prices of shares fixed by the Capital Issues Commission, which invariably resulted in price/earnings ratios below five and sometimes below one. Here was an opportunity for people with limited means to become small capitalists. With the exception of two companies, all public issues were heavily oversubscribed, from 300 to 800%. To assure wide distribution, the authorities rationed out the purchases among the applicants. In the end, however, less than .1% of the population benefited from this widely publicized exercise in decolonization.<sup>20</sup>

#### IV. CONCLUDING REMARKS

Even though the data presented in this paper are very impressionistic, there is no way one can avoid the general conclusion that after a decade and a half of independence, the distribution of wealth and income among indigenous people in tropical Africa has become more unequal. This is hardly a surprising result, given the necessarily uneven nature of the development process and the very elementary state of the continent's economic development. On the other hand, there are many indications that inequality between Africans and non-Africans has decreased, which was after all one of the changes sought by independence. In most cases it is probably also true that the increase in inequality among Africans is primarily the result of more at the top than less at the bottom of the economic scale. The rich are getting richer, but the poor are not necessarily poorer. There is no hard evidence to show that the new urban poor are worse off than the traditional rural poor, although the former are more vocal than the latter. At present, Tropical African societies are generally still open. As yet, there is no hardening of the structure of inequality. If there are serious political dangers in economic inequality, they mostly still lie ahead. If present trends con-

tinue, however, and if population keeps growing faster than the food supply and job opportunities, as has been the case in recent years, there is indeed cause for concern for the future welfare of the average African. Much more research is needed to get an accurate overall picture of the complex problems involved and to evaluate their implications.

## NOTES

1. Federal Republic of Nigeria, *Second National Development Plan 1970-74* (Lagos: Government Printer, 1970), p. 32.
2. Economic Commission for Africa, *Survey of Economic Conditions in Africa, 1972, Part I* (New York: United Nations, 1973), p. 103.
3. Samir Amin, *Le développement du capitalisme en Côte d'Ivoire* (Paris: Editions de Minuit, 1967), p. 74.
4. République de Côte d'Ivoire, *Plan quinquenal de développement économique, social et culturel, 1971-75* (Abidjan: Ministère du Plan, 1971), p. 30.
5. Jacques Lecaillon and Dimitrios Germidis, "Les disparités de revenus entre travailleurs ruraux et salariés urbains," in *ILO World Employment Research Working Paper*, Table II-G, 1974 (mimeograph).
6. International Labour Office, *Employment, Incomes, and Equality: a Strategy for Increasing Productive Employment in Kenya* (Geneva: ILO, 1972), p. 72.
7. Colin Leys, *Underdevelopment in Kenya* (Berkeley and Los Angeles: University of California Press, 1974), p. 74.
8. On Nigeria, see Gerald K. Helleiner, *Peasant Agriculture, Government, and Economic Growth in Nigeria* (Homewood, Ill.: Irwin, 1966), chapters 6 and 7.
9. According to *West Africa* (February 17, 1975), the farmers receive £209 per ton while the world market price is £700.
10. This pattern concentrates on developing industries for the production of goods that were previously imported. It normally requires high tariff protection against competition from foreign-made goods.
11. Patrick Sanwo and Alan Rake, "Udoji: The Word that Triggered the Pay Struggle," *African Development* (March, 1975): 53.
12. *West Africa* (January 6, 1975): 1-2, 25.
13. International Labour Office, *Employment, Incomes, and Equality*, p. 93.
14. *Ibid.*, p. 64.
15. *Ibid.*, p. 63.
16. Alan Shelley, "Property Development," *African Development* (March, 1975): 65 and 67.
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